chartered banks or savings and other financial institutions and are the only corporations in Canada with power to act as trustees for property interests and to conduct other fiduciary business. In this capacity they act as executors, trustees and administrators under wills or by appointment, as trustees under marriage or other settlements, as agents in the management of estates of the living, as guardians of minor or incapable persons, as financial agents for municipalities and companies, as transfer agents and registrars for stock and bond issues, as trustees for bond issues and, where so appointed, as authorized trustees in bankruptcies.

Trust and mortgage loan companies were established and grew rapidly under provincial legislation in the late nineteenth and early twentieth centuries. Some companies were chartered by special Acts of Parliament but it was not until 1914 that federal legislation was passed and the Federal Government began to regulate trust and loan companies registered under its Acts. There are now nine federal trust companies and 13 federal loan companies. The Superintendent of Insurance examines these companies and also, by arrangement with the provinces, trust and loan companies incorporated in Nova Scotia and trust companies incorporated in New Brunswick and Manitoba. Companies must be licensed by each province in which they wish to operate.

Although there are many differences among the various federal and provincial Acts, the broad lines of the legislation are common. In their intermediary business the companies have the powers mentioned above to borrow or, in the case of trust companies, accept funds in guaranteed accounts subject to maximum permitted ratios of these funds to shareholders' equity. The funds may be invested in specified assets which include first mortgages on real property, government securities and the bonds and equity of corporations having established earnings records and the companies may grant loans on the security of such bonds and stocks. Trust and loan companies are not required to hold specified cash reserves, as are the chartered and savings banks, but there are broadly defined "liquid asset" requirements in a number of the Acts.

The trust and mortgage loan companies have been substantial members of the Canadian financial system since their early years. In the 1920s they held about one half of the private mortgage business in Canada but their growth rate fell off sharply because of the impact of the depression of the 1930s and World War II on the mortgage business. In the years since the War the re-emergence of strong demands for mortgage financing and the willingness of many trust and loan companies to compete aggressively for funds have led to sustained rapid expansion.

According to DBS figures, mortgage loan companies had assets before investment in subsidiaries of $2,567,000,000 at the end of 1967 compared with $2,375,000,000 a year earlier. Their holdings of mortgages amounted to $2,067,000,000 or 81 p.c. of total assets. To finance their investments, these companies had borrowed $1,653,000,000 or 64 p.c. of their total funds by the sale of debentures and $395,000,000 from deposit accounts.

At the end of 1967, company and guaranteed funds of trust companies in the DBS survey were $4,349,000,000 compared with $3,924,000,000 a year earlier, an increase of 11 p.c. Trust companies, while not specializing in mortgage financing to the same extent as loan companies, in recent years have been putting a high proportion of their funds into these investments with the result that mortgages were 55 p.c. of their assets at the end of 1967 compared with 45 p.c. five years earlier. The trust companies had $2,739,000,000 of term certificates outstanding and $1,162,000,000 deposit accounts in December 1967, accounting for 90 p.c. of total funds. About one half of the demand or savings deposits were in chequable accounts. There is considerable variety among the trust companies and a few have developed a substantial short-term business, raising funds by issuing certificates for terms as short as thirty days and also operating as lenders in the money market. Nevertheless, it remains true that the main business of the trust companies in